



# **MARKETING 101: THE FUNDAMENTALS**



# **MARKETING ESSENTIALS**

# WHAT IS MARKETING?

- ❖ Most people mistakenly identify marketing with selling and promotion.
- ❖ While selling and promotion are a part of marketing, they are not most important part.
- ❖ In the *Principles of Marketing* by Philip Kotlet stated:
  - If the marketer does a good job of identifying consumer needs, developing appropriate products, and pricing, distributing, and promoting then effectively, these goals will sell very early.

# GOODS, SERVICES, AND IDEAS

- ❖ Marketing deals with goods, services, and ideas.
- ❖ A *good* is something someone can touch.
- ❖ A *service* is providing an intangible benefit to customers.
- ❖ An *idea* can include concepts or images.
- ❖ A *product* refers to goods, services, and ideas.

# NEEDS, WANTS, AND DEMANDS

- ❖ One of the underlying concepts of marketing is trying to satisfy a customer's needs, wants, and demands.
- ❖ Needs are plentiful. Basic human needs include food, clothing, warmth, safety and belonging.
- ❖ Wants are simply needs shaped by culture and the individual.
- ❖ Demands are simply the wants of a consumer when backed by the ability to pay for that want.

# DYNAMIC MARKETING ENVIRONMENT

- ❖ There are many forces that affect the marketing environment, including:
  - Competition
  - Laws and Regulations
  - Economic and Social Conditions
  - Cultural Factors
  
- ❖ These forces can be dramatic and difficult to predict.
  
- ❖ Be aware of these forces because they can create threats and generate opportunities for your business.

# THE MARKETING MIX

- ❖ The marketing mix is another important concept when it comes to marketing.
- ❖ The marketing mix refers to activities that a firm can control to product the response it wants from the target market.
- ❖ These variables can be categorized into four groups, also know as the four P's of marketing.

# THE 4 P'S OF MARKETING

1. **Product** – This is what you are offering to your target market, be it a tangible product or a service.
2. **Price** – The amount you will charge for your product
3. **Place** – Channels your product will go through to reach the customer.
4. **Promotion** – How you raise awareness with your target market.

# THE 5<sup>TH</sup> P OF MARKETING

- ❖ While the previous four P's are important to the marketing mix, there is one that is left out.
- ❖ Positioning
- ❖ Positioning is not dealing with where you will place your product in the market, but where you will place your product in the mind of the consumer

# **RESEARCH GUIDELINES**

# MARKETING RESEARCH DATA

- ❖ There are two main types of data that will help you in researching your market
- ❖ The first is **secondary data** which is the information that already exists somewhere. It was collected for another purpose.
- ❖ Primary data consists of information collected for the specific purpose at hand.

# START WITH SECONDARY DATA

- ❖ Researchers will usually start by collecting secondary data.
- ❖ Secondary data can be obtained quicker and at lower costs.
- ❖ When collection secondary data, evaluate it carefully to make sure that it is:
  - Relevant
  - Accurate
  - Current
  - Impartial

# RESEARCHING YOUR INDUSTRY

- ❖ With all the resource outlets that exists today, there are many opportunities for you to gather secondary information on the industry you will be participating in.
  
- ❖ The following sources should help you in getting started:
  - National Statistical Coordination Board – [www.nscb.gov.ph](http://www.nscb.gov.ph)
  - National Statistics Office – [www.census.gov.ph](http://www.census.gov.ph)
  - National Economic & Development Authority – [www.nedga.gov.ph](http://www.nedga.gov.ph)
  - Trade associations

# RESEARCHING CUSTOMER

- ❖ Before you start researching your customer, it is important that you determine whether they will be individuals in a particular area or if they will be other businesses.

# RESEARCHING CONSUMERS

- ❖ There are many secondary data sources for researching consumers:
  - National Economic & Development Authority (NEDA)
  - National Statistics Office (NSO)

# RESEARCHING BUSINESSES

- ❖ If your target customers are other businesses, the following links may be helpful in conducting research:
  - National Statistics Office (NSO)
  - Bureau of Internal Revenue (BIR) – [www.bir.gov.ph](http://www.bir.gov.ph)

# ESTIMATING YOUR MARKET SIZE

- ❖ After you have determined who your customer will be and found some of their characteristics, you need to estimate the size of your target market.
- ❖ BIR, Census, NEDA and DTI Data Kit of Official Philippine Statistics are all sources that can help you estimate you target size

# 1<sup>ST</sup> P PRODUCTS

# WHAT IS IT THAT YOU SELL?

- ❖ One of the first questions to ask yourself is what does your product do?
- ❖ Other questions that you should address are:
  - What need is addressed by the product?
  - What are its features and benefits?
  - Who supplies the products or materials?
- ❖ Whether you make or resell a product, these questions are important to answer.

# PACKAGING YOUR PRODUCT

- ❖ After you have addressed questions about your product, you should then consider how you will package it.
- ❖ The primary function of packaging use to be to hold and protect the product.
- ❖ Many decisions are needed about the packaging – size, shape, color, material, and label.
- ❖ Be sure that the packaging is consistent with the product you are offering.
- ❖ Run engineering, visual and consumer tests when developing the packaging.

# PRODUCT MIX

- ❖ While some companies only offer one product or service, most companies try to diversify themselves by offering product mix.
- ❖ A product mix is the set of all product lines and items that a particular seller offers to buyers.

# **2<sup>ND</sup> P PRICE**

# PRICING DECISIONS

- ❖ There are a number of internal and external factors that will come into play when setting prices.
- ❖ Some of the internal factors may include pricing objectives, strategy and costs.
- ❖ External factors may include nature of market and demand, competition and the economy.

# PRICING OBJECTIVES

- ❖ Pricing objectives help answer the question:  
What are you trying to achieve with your pricing strategy?
  - Survival
  - Profit
  - Return on Investment
  - Market Share
  - Cash Flow
  - Status Quo

# PRICING STRATEGY

- ❖ Once you have determined your objectives, you should then focus on the methods you will use to determine your prices.
- ❖ Keep in mind laws that regulate pricing and pricing strategies such as the Philippine Price Act – Republic Act No. 7581  
([dtiner.ph/files/LawsAndPolicies-Price Act.pdf](http://dtiner.ph/files/LawsAndPolicies-Price Act.pdf).)

# TYPES OF PRICING STRATEGIES

- ❖ There are several basic pricing strategies:
  - *Skim Pricing* – Set your price high with the goal of capturing short-term profits.
  - *Penetration Pricing* – Set your price low to discourage competition and appeal to a larger market segment.
  - *Fixed Pricing* – Price is set by manufacturer or middleman and not subject to negotiation.
  - *Variable Pricing* – Price is negotiated between buyer and seller.
  - *Price Lining* – Established only a few prices for all the items within a given product line.
  - *Keystone Pricing* – Percentage mark-up applied to the product cost.

**3<sup>RD</sup> P  
PLACE**

# PLACING DECISIONS

- ❖ Placing your product is the third of the four P's.
- ❖ It encompasses channels of distribution that serve as a transporter for getting your product to your customers.
- ❖ Decisions you will need to make in placing your product include market coverage, channel member selection, logistics, and location.

# MARKET COVERAGE

- ❖ You must first determine which markets you are going to reach and with what objectives.
- ❖ Be sure to include items such as the desired level of service and functions to be performed by channel members.
- ❖ Constraints to developing your objectives may come from several sources.

# PART OF THE PROCESS

- ❖ What part of the distribution process does your business handle, if any?
  - Warehousing
  - Order processing
  - Inventory management
  - Packaging
  - Materials handling
  - Receiving
  - Transportation and shipping

# LOCATION OF YOUR BUSINESS

- ❖ An important decision that you need to make is where will your business be located.
- ❖ Make sure the location you select fulfills the needs of your business; location needs, space needs, accessibility, etc.
- ❖ Also check to see what traffic counts the facility experience.

# 4<sup>TH</sup> P PROMOTION

# PROMOTIONAL MIX

- ❖ The promotional mix consists of four main tools:
  - Advertising,
  - Personal selling,
  - Sales promotion and
  - Publicity
  
- ❖ By identifying these tools you will be able to lay out the basis of a media plan and promotional budget for your company

# SETTING THE PROMOTIONAL BUDGET

- ❖ Many companies set their budget as a percentage of current or forecasted sales.
- ❖ While other companies mirror their budget to that of their competitors.
- ❖ Still some companies will approximate their budget by how much the objectives they wish to meet will cost in advertising price.

# WHY HAVE A FORMAL PLAN?

- ❖ Many entrepreneurs insist that hustle is all that is required in the marketing of their business.
- ❖ But energy alone is not enough. Energy must be directed by intelligence.
- ❖ Intelligent marketing is marketing that is first and foremost focused on a core idea.

# THE PLAN'S STRUCTURE

- ❖ A complete marketing plan includes the following three sections:
  - The *marketing plan* identifies the market and your strategy.
  - The *creative plan* is similar to the marketing plan but is limited to the content of your marketing materials.
  - The *media plan* which sets forth and details's your selected media weapons and media calendar.

# 5<sup>TH</sup> P POSITIONING

# WHAT IS POSITIONING?

- ❖ The concept is really about positioning of a product *in the mind of the customer*. Strategy is therefore planned in the mind, not the marketplace.
- ❖ The approach is needed because consumers are bombarded with a continuous stream of high-volume of advertising.
- ❖ The consumer's mind reacts to this high volume of advertising by accepting only what is consistent with prior knowledge or experience.

# HOW POSITIONING WORKS

- ❖ It is quite difficult to change a consumer's impression once it is formed.
- ❖ Consumers cope with information overload by oversimplifying and are likely to skirt out anything inconsistent with their knowledge and experience.
- ❖ In an over-communicated environment, the advertiser should present a simplified message and make that message consistent with what the consumer already believes by focusing on the perceptions of the consumer rather than on the reality of the products

# APPLYING POSITIONING

- ❖ The concept of positioning applies to products in the broadest sense.
- ❖ Services, your business itself, tourist destinations, countries, and even careers can benefit from a well developed positioning strategy that focuses on a niche that is unoccupied in the mind of the consumer or decision-maker.

# TO POSITION YOUR PRODUCT

- ❖ Ask yourself, “How can I be the *first* to claim a *unique position* in the mind of my customer?”
- ❖ What exactly is my positioning message?
- ❖ Remember, your customer’s mind reacts by accepting only what is consistent with their prior knowledge or experience.